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Agricultural Marketing Service

Poultry Programs

Market News Branch

Industry Consolidation in Mexico

The Mexican poultry industry is the fourth largest in the world and highly consolidated. The six leading companies had accounted for nearly 50 percent of total domestic chicken meat production. Recently the largest company bought another leading company. The director of Industrias Bachoco (IB) announced the company was granted authorization from anti-trust authorities to acquire 100 percent of poultry and foods producer Grupo Campi, a subsidiary of Grupo Desc. The transaction will cost Bachoco US\$155 million dollars. IB is Mexico's leading poultry producer and with the acquisition of Grupo Campi IB has about 30 percent of the market share.

Total Broiler Meat Production
1,000 Metric Tons in Ready-to-Cook Equivalent

| | 1998 | 1999(p) | 2000(f) |
|---------------|--------|---------|---------|
| United States | 12,525 | 13,366 | 14,042 |
| China | 5,350 | 5,500 | 5,600 |
| Brazil | 4,498 | 4,990 | 5,240 |
| Mexico | 1,587 | 1,680 | 1,730 |
| France | 1,190 | 1,180 | 1,150 |
| UK | 1,146 | 1,145 | 1,180 |
| Japan | 1,090 | 1,070 | 1,055 |

1997 Company Market Share By Percent

| | |
|------------------------------|-------|
| Bachoco | 21.0 |
| Pilgrim's Pride de Mexico | 11.6 |
| Trasgo (Tysons Food) | 7.8 |
| Univasa (Desc Group) | 6.6 |
| Patsa | 4.3 |
| Sub-total | 51.3 |
| Other (around 200 producers) | 48.7 |
| TOTAL | 100.0 |

Source: Meat and Poultry Online, USDA/Foreign Agricultural Service, American Embassy, Mexico City, Mexico

USDA Accepts Bid Under Export Enhancement Program

Mary T. Chambliss, acting general sales manager for the U.S. Department of Agriculture's Foreign Agricultural Service, announced the Commodity Credit Corporation had accepted a bid from U.S. Gulf Coast Trading Company under the Export Enhancement Program (EEP) for frozen poultry to Middle East Countries.

The award totaled 207 metric tons of frozen poultry to be delivered December 13, 1999 - June 10, 2000. The bonus was \$650 per MT. The remaining EEP balance to Middle East Countries is 19,158 MT.

Source: USDA/Foreign Agricultural Service

Mexico Imports Turkey From Chile

According to Mexican trade sources, a leading Mexican retailer and a local chicken producer/processor imported 48,000 and 30,000 raw, whole turkeys, respectively, from Chile. Product weights fluctuated between 6-10 kilos (13.23-22.05 pounds) each and were to be sold during the Christmas season. The Chilean brands are from two different producers: Aristia and Sopraval.

Local turkey producers are understandably unhappy with these imports as they claim that product is of very low quality. A local producers' representative claims that Chilean product is basted, particularly with salt solution, and that turkey meat appears to be from breeder hens rather than commercial flocks. They justify this perception based on the small size of the breast and very thick drumsticks. Another key factor is that export price FOB Manzanillo (a Mexican port on the Pacific Coast) was very low, reportedly at 16 pesos/kilogram (USD\$1.67/kilogram or \$.76 per pound.)

Chile and Mexico have a free trade agreement similar to the NAFTA, however, a big difference is that imports of Chilean poultry are not subject to Tariff Rate Quotas or import tariffs. There is no information if Chilean turkey fully complied with import provision related to AI.

Source: USDA/Foreign Agricultural Service and USA Poultry and Egg Export Council/Mexico

Russia Changes Import Duties

The Russian government announced a series of changes for import duties effective April 1, 2000. The most significant is a reduction in the minimum duty for some US poultry products from 0.3 Euro per kg to 0.2 Euro per kg.

Further information is available at:

<http://www.fas.usda.gov/gainfiles/199912/25556637.pdf>

Russian Federation Import Restrictions for Providing Humanitarian Aid

Russia recently published implementing procedures for the May 4, 1999 Law on Gratuitous Assistance. The procedures exclude duty-free treatment for products which are sold and restricts most meat products from being received as food assistance. The instructions provide an example of the certificate which will be used to certify commodities as humanitarian aid, but it does not outline specific documentation required to receive certification.

Further information is available at:

<http://www.fas.usda.gov/gainfiles/199912/25556683.pdf>

Source: USDA/Foreign Agricultural Service Attache Reports

Inspected Egg Products-U.S. & Canada Export/Import Trade
U.S. Exports to Canada, in Pounds (Preliminary)

NOT AVAILABLE

LIVE POULTRY SLTRD UNDER INSPECTION

NOT AVAILABLE

CENTRAL REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 30-DEC-99

CHICKEN PRICES

| FAT CONTENT | -----FROZEN----- | | -----FRESH----- | |
|----------------|------------------|-----------|-----------------|-----------|
| | FOB DOCK | DELIVERED | FOB DOCK | DELIVERED |
| 15% OR LESS | | | | |
| RANGE | - | - | - | - |
| WTD AVERAGE | | | | |

0 pounds, this includes 0 pounds for export shipment.

CHICKEN PRICES, WITH ADDED SKIN

| | | | | |
|-------------|---|---|-------------|---|
| 15% OR LESS | | | | |
| RANGE | - | - | 14.00-15.00 | - |
| WTD AVERAGE | | | 14.20 | |

102,000 pounds, this includes 0 pounds for export shipment.

| | | | | |
|-------------|-------------|-------|------------|-------------|
| 15-20% | | | | |
| RANGE | 15.00-17.00 | 22.00 | 9.00-14.00 | 12.50-17.00 |
| WTD AVERAGE | 15.50 | 22.00 | 10.76 | 13.22 |

1,402,000 pounds, this includes 285,600 pounds for export shipment.

| | | | | |
|-------------|---|---|---|---|
| 20% OR MORE | | | | |
| RANGE | - | - | - | - |
| WTD AVERAGE | | | | |

0 pounds, this includes 0 pounds for export shipment.

* INCLUDES THE FOLLOWING STATES: AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 30-DEC-99

CHICKEN PRICES

| FAT CONTENT | -----FROZEN----- | | -----FRESH----- | |
|----------------|------------------|-----------|-----------------|-----------|
| | FOB DOCK | DELIVERED | FOB DOCK | DELIVERED |
| 15% OR LESS | | | | |
| RANGE | 16.00-19.00 | - | 17.00 | - |
| WTD AVERAGE | 16.65 | | 17.00 | |

894,000 pounds, this includes 320,000 pounds for export shipment.

CHICKEN PRICES, WITH ADDED SKIN

| | | | | |
|-------------|---|-------------|---|-------|
| 15% OR LESS | | | | |
| RANGE | - | 17.50-18.00 | - | 17.00 |
| WTD AVERAGE | | 17.75 | | 17.00 |

320,000 pounds, this includes 0 pounds for export shipment.

| | | | | |
|-------------|-------------|---|-------------|-------------|
| 15-20% | | | | |
| RANGE | 14.50-18.00 | - | 13.00-14.00 | 13.00-14.00 |
| WTD AVERAGE | 17.03 | | 13.43 | 13.58 |

2,166,000 pounds, this includes 748,000 pounds for export shipment.

| | | | | |
|-------------|---|---|-------|---|
| 20% OR MORE | | | | |
| RANGE | - | - | 12.00 | - |
| WTD AVERAGE | | | 12.00 | |

160,000 pounds, this includes 0 pounds for export shipment.

* INCLUDES THE FOLLOWING STATES: CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT

FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS

THURSDAY DECEMBER 30, 1999

Undertone steady to instances firm on frozen tom breast meat with spot premiums noted for mid to late January shipments. Demand light to instances fair, best on frozen tom breast meat. Trading slow. Offerings of frozen tom breast meat light at best, balance light to available.

FRIDAY, DECEMBER 31, 1999
HOLIDAY

THURSDAY, DECEMBER 30, 1999**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) | WEEKLY WTD AVG PRICE | WEEKLY VOLUME (000) |
|---------------------------|----------------|-------------------|---------------------|-----------------|----------------------------|---------------------------|
| DRUMSTICKS, TOMS | | W | 30.00 | 240 | 30.00 | 240 |
| WINGS FULL-CUT - TOMS | | W | 29.50 | 40 | 29.50 | 40 |
| WINGS, V-TYPE, TOM | | | | | | |
| TAILS | | W | 14.00 | 120 | 14.00 | 120 |
| MECHANICALLY SEPARATED 4/ | | W | 20.50 | 320 | 20.50 | 320 |
| THIGH MEAT - FROZEN | | R | 70.00 | 40 | | |

WEDNESDAY, DECEMBER 29, 1999**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|----------------|-------------------|------------------|-----------------|
| DRUMSTICKS, TOMS | 30.00 | | 30.00 | 240 |
| WINGS FULL-CUT - TOMS | 29.50 | | 29.50 | 40 |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | 14.00 | | 14.00 | 120 |
| MECHANICALLY SEPARATED 4/ | 20.50 | | 20.50 | 320 |
| THIGH MEAT - FROZEN | | R | 70.00 | 40 |

TUESDAY, DECEMBER 28, 1999**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|----------------|-------------------|------------------|-----------------|
| DRUMSTICKS, TOMS | | R | 29.00 | 120 |
| WINGS FULL-CUT - TOMS | | | | |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | | W | 15.00 | 104 |
| MECHANICALLY SEPARATED 4/ | | W | 19.00 | 216 |
| THIGH MEAT - FROZEN | | R | 70.00 | 40 |

MONDAY, DECEMBER 27, 1999**EXPORT TRADING**

| | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|----------------|-------------------|------------------|-----------------|
| DRUMSTICKS, TOMS | | R | 29.00 | 120 |
| WINGS FULL-CUT - TOMS | | M | 29.50 | 40 |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | | W | 15.00 | 104 |
| MECHANICALLY SEPARATED 4/ | | W | 19.00 | 216 |
| THIGH MEAT - FROZEN | | R | 70.00 | 40 |

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.